

# **Raising the GPP Limit**

## **Survey Responses**



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# Responses Received from 7 Sites



⌘ INEEL

⌘ LLNL

⌘ LANL

⌘ SNL

⌘ Y-12

⌘ WSRC

⌘ Fermilab

# General problems regarding the \$5M limit



- ⌘ Tying \$5M limit to TPC rather than TEC restricts raw construction costs to \$3M or less in some cases
- ⌘ Choice of sites limited by need to minimize utility extension costs
- ⌘ Inclusion of furnishings
- ⌘ Inclusion of overhead
- ⌘ Inclusion of safety and security
- ⌘ Growth in communications equipment
- ⌘ Escalation

# General problems regarding the \$5M limit, cont'd



- ⌘ Staying within the \$5M limit is more difficult for hazard related facilities.
  - ☒ Seismic upgrades, fire and ventilation alarm systems, etc.
- ⌘ Having to use line items instead of GPP introduces programmatic delays and increases risk of not being funded
  - ☒ Sometimes seen as not worth the effort
  - ☒ May limit new missions

# Responses to Questions on CPI



- ⌘ Several sites say it seems to fit their experience
- ⌘ Not seen as well suited to construction by others
  - ⏏ In some cases, escalation in engineering, design and other construction costs exceeds the CPI
  - ⏏ In other cases, commodity costs exceed the CPI
    - ⏏ Example: costs of steel
- ⌘ In general, several years of escalation, even when CPI levels are a good fit, have eroded buying power

# Incorporation of Project Management Rigor



- ⌘ All sites follow DOE Order 413.3
- ⌘ This adds additional rigor for projects with TPC of \$5M or higher
- ⌘ Impacts range from insignificant to as much as \$1M (reported by SNL)
  - ☑ More commonly \$100K to \$400K
  - ☑ At several sites, projects constrained to less than \$5M to avoid additional project management costs
  - ☑ Line items required for larger projects

# Requirements Related to Safety and Security



⌘ Most sites reported increased costs related to safety and security

- ☑ Additional safety measures

- ☑ Entry control steps for personnel

- ☑ Compliance with cyber security requirements

⌘ Costs typically in 10 percent range for GPP

- ☑ Range from 5 to 20 percent

- ☑ Impact larger at Y12 for projects inside PIDAS

# Responses on Raising the GPP Limit



- ⌘ All sites that responded said that the GPP limit should be raised
- ⌘ All sites support raising the limit to \$10M



# **Costs Related to Accounting Requirements Such as CAS**



- ⌘ None of the sites responded that accounting requirements have resulted in extra costs

# Tooling, Furniture, and Other Equipment



- ⌘ All sites except 1 responded that this limits the actual size of the GPP projects
- ⌘ Costs typically range from 5 percent to 10 percent of TEC
- ⌘ Most sites would prefer that tooling, furniture, and other equipment be expensed

# Approval Process



- ⌘ Each of the sites that responded indicated that the present approval process is effective and efficient
- ⌘ Time required for approval on larger projects can make it harder to keep team together

# Summary



- ⌘ All sites are finding that the GPP limit is a growing constraint
  - ☑ \$5M tied to TPC as opposed to TEC
  - ☑ Continued escalation
  - ☑ Project management rigor
  - ☑ Safety and security costs
  - ☑ Requirement to include tooling and equipment
- ⌘ Recommendation is to increase limit to \$10M

GPP Limits  
Survey Questions

1. In general what problems are you experiencing with regard to the \$5M limit on GPP?
2. What is your experience regarding escalation?
  - Does the CPI fit your situation?
3. Have you been required to incorporate additional project management rigor into the GPP projects?
4. If the answer to 3 is yes, what is the approximate average cost impact on your GPP projects?
5. Have you been required to incorporate more safety and security considerations into your GPP projects?
6. If the answer to 5 is yes, what is the approximate average cost impact on your GPP projects?
7. Do you support raising the GPP limit?
8. If the answer to 7 is yes, what limit would you recommend--\$7.5M, \$10M, or some other amount?
9. Are you experiencing and can you quantify any additional costs related to increased requirements to account for assets and Departmental funds or to comply with CAS?
10. How much impact did the requirement to include tooling, furniture, and other equipment in the TEC of projects add to your costs?
11. Would you recommend any changes to these requirements (consistent with GAAP, CAS, and any pertinent regulations)?
12. Do you consider the current GPP approval process to be effective, or do you find that it can take too long and add costs to your projects?